

General Information Letter: The Schedule K-1-P is provided for the convenience of the partnership or Subchapter S corporation and its owners, and its use is not mandatory.

January 16, 2001

Dear:

This is in response to your letter dated December 19, 2000. Given the nature of your inquiry and the information you provide, I am responding with a General Information Letter. This is not to be taken as a statement of Department policy or as a binding ruling by the Department. As general information gathered in response to your particular questions, however, I hope that it is helpful to you. See 86 Ill. Adm. Code 1200.120(b) and (c), which can be obtained at the following website:

<http://www.revenue.state.il.us/legalinformation/regs/part1200>.

In your letter you have stated the following:

Per our conversation with Mr. John Brodt, in the Illinois Department of Revenue, we are requesting your approval on filing/attaching a Substitute Schedule K-1 Form (enclosed) to IL-1065 (Illinois Partnership Replacement Tax Return) in lieu of filing/attaching Illinois Schedule K-1-P. Please review the enclosed substitute K-1 Form and let us know if such a form is acceptable. Acceptance of this form would lead to greater efficiency, because many of our clients are composed of partnerships with a large amount of partners.

Response

The K-1 Form that you have attached to your letter appears to be a form prepared by the Pennsylvania Department of Revenue.

The Illinois Income Tax Act does specify that the Department of Revenue may prescribe the manner and form by which tax may be paid (35 ILCS 5/501(a)). It also requires that partnerships maintain information on the distributive share of all items of income, gain, loss and other attributes pertaining to each partner (35 ILCS 5/502(d)) and be able to provide that information to the Department when sought.

The Department has prepared and prescribed a Schedule K-1-P for notification of partners of any Illinois income that is allocated to them from the partnership. That schedule is for the convenience of the partner and we have not taken the position that our form is necessary for full compliance. Please keep in mind, however, that it is the only form the Department has prepared for that purpose.

A preparer is free to use a substitute K-1 schedule, but it then assumes responsibility for the information or lack thereof provided to the partner.

Please do not hesitate to call me at (217) 782-2844 if you have further questions. As stated above, this is a general information letter that does not constitute a statement of policy that applies, interprets or prescribes tax law. It is not binding on the Department as a definitive statement of law. If you are not under audit and you wish to obtain a binding Private Letter Ruling regarding your factual situation, please submit all of the information set out in items 1 through 8 of Section 1200.110(b).

IT 01-0007-GIL
January 16, 2001
Page 2

Sincerely,

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